

# Memorandum

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Subject: **2006 ANNUAL REAL PROPERTY RETENTION REVIEW**

## **SUMMARY:**

In conformance with obligations under Department Deputy Directive (DD) 21 R2, the California Department of Transportation (Department) has completed the annual review of its real estate holdings, and is submitting a copy of the 2006 Real Property Retention Review Annual Report (Report) to the California Transportation Commission. The Report, completed in August 2006, reflects findings and recommendations associated with the parcel-specific review undertaken by each district between March 2006 and May 2006 of lands and buildings supporting transportation operations, excess land parcels on hold, and parcels needed for future projects. The review examined 5,821 parcels and determined that 1,659 parcels were required to support transportation operations, 588 excess land parcels were to be held for local public agencies, engineering or legal reasons, or environmental mitigation, 573 parcels were being used by current projects, 2,477 parcels should be held for viable future projects, and 524 parcels could be made available for sale or other conveyance. Districts and regions will actively pursue the appropriate disposal of these parcels through their real property disposal plans.

## **BACKGROUND:**

The Department owns real estate worth millions of dollars, which provides public transportation infrastructure and services or houses employees, equipment or materials supporting transportation operations. Government Code Section 11011.18 and Governor's Executive Orders D-77-89 and S-10-04 mandates that the Department evaluates its real estate portfolio annually and retains only those properties supporting its mission.

The Real Property Retention Review process is the framework within which the Department assesses its real estate holdings and determines whether or not they are needed to meet long-term operational goals and objectives. To properly fulfill its statutory and administrative obligations, DD 21 R2 directs each District Director to annually form a Real Property Retention Review Committee, comprised of senior management representatives from functional areas controlling the Department's real property holdings, to comprehensively review lands and buildings supporting transportation operations, excess land parcels on hold, and parcels being held for viable future projects. While the overwhelming majority of these properties effectively serve the needs of the public and the Department, the Department must identify properties that are underused, not required, or no longer conform to surrounding neighborhood uses and determine appropriate disposition.

# DEPARTMENT OF TRANSPORTATION

## REAL PROPERTY RETENTION REVIEW

### 2006 ANNUAL REPORT



Division of Right of Way and Land Surveys  
Office of Real Property Services, Airspace and Asset Management  
August 2006

## *Table of Contents*

<b>EXECUTIVE SUMMARY .....</b>	<b>3</b>
<b>1. Background and Purpose .....</b>	<b>8</b>
ANSWERING THE CRITIQUE.....	8
LOSING FOCUS .....	9
REGAINING THE INITIATIVE.....	9
<b>2. Embracing the Challenge .....</b>	<b>11</b>
LEADERSHIP MATTERS.....	11
EXPERIENCE TOO .....	12
<b>3. First Principles .....</b>	<b>14</b>
INVENTORY REPORTING .....	14
MANAGING LANDS AND BUILDINGS .....	15
<b>4. Excess Land on Hold.....</b>	<b>17</b>
WHEN A SALE IS REALLY A HOLD .....	18
HOLDING ON TOO LONG.....	20
DELIBERATE CHOICES .....	21
A UNIQUE ENVIRONMENT .....	22
ASK FOR HELP .....	24
<b>5. Holding Property for Future Projects.....</b>	<b>26</b>
INTERMITTENT IMPROVEMENT .....	27
ROLES AND RESPONSIBILITIES .....	28
<b>6. Anticipating Continuous Improvement .....</b>	<b>30</b>
<b>Attachment A; District RPRR Summaries .....</b>	<b>31</b>
<b>Attachment B; RPRR Guidelines.....</b>	<b>32</b>
<b>Attachment C; Acronym Table.....</b>	<b>41</b>

## **EXECUTIVE SUMMARY**

***The Real Property Retention Review (RPRR) process is the framework within which the Department evaluates its real estate holdings and determines whether or not they are needed to meet the Department's long-term operational goals and objectives.***

The State of California appreciates the importance of effectively managing state-owned real property assets. The State owns and leases an array of real property used for a variety of public purposes. Of these holdings, the Department of Transportation alone owns billions of dollars worth of real estate, which provides public transportation infrastructure and services or houses employees, equipment or materials supporting transportation operations. While the overwhelming majority of this property effectively serves the needs of both the public and the Department, there are Department properties that no longer conform to surrounding neighborhood uses or are underused, unneeded or are being retained for viable future projects.

After conducting the 2006 real property review, representatives from throughout the state met to review the existing process and identify strengths, isolate weaknesses and provide recommendations for enhancing the efficiency and effectiveness of the RPRR process. The following is a précis of the RPRR findings and recommendations accompanied by a statewide summary of parcels reviewed by each Department district (Exhibit 1).

### **Background and Purpose; Section 1**

#### **FINDINGS**

1. External evaluators have never considered the Department's real property asset management practices consistently competent or effective.
2. The Department issued DD-21 establishing the Real Property Retention Review (RPRR) process and created Asset Management to coordinate facility planning and district-based real property management and disposal.
3. The Department reduced asset management staffing (from 13 in 1994 to 2 in 2004) and under-allocated the district resources needed to properly plan, manage and dispose of real estate assets.
4. The Department revised DD-21 (R2) to sharpen annual real property evaluation, but it has done nothing to implement DD-84, which establishes long-range facility master planning roles and responsibilities.

#### **RECOMMENDATIONS**

- The Department will reconstitute and adequately support a robust statewide asset management capability, which will coordinate: (1) district RPRR efforts, (2) DD-84 implementation, (3) biennial development of district and division facility master plans, and (4) development, management, use and disposal of the Department's land and buildings assets.

## *Embracing the Challenge; Section 2*

### **FINDINGS**

1. Senior district managers are insufficiently and inconsistently involved in the RPRR process.
2. Senior district managers do not allocate sufficient resources to meet asset management and property disposal objectives.
3. Using specialized staff with RPRR experience results in a more efficient, competent and timely review.

### **RECOMMENDATIONS**

- District directors and senior functional managers will: (1) remain actively engaged in the RPRR process, (2) allocate sufficient resources to adequately manage and expeditiously dispose of real property, and (3) appoint, when practicable, experienced staff to conduct the annual RPRR review.

## *First Principles; Section 3*

### **FINDINGS**

1. Although Governor's Executive Order mandated development of asset management functions, the Department has not provided consistent guidance or resources for an asset management organization, which would coordinate land and building asset planning, use and disposal.
2. While the listing of individual items in its lands and buildings inventory is generally up-to-date, the Department has improvements information for only about one-third of its major facility assets.
3. The Department is poorly organized to conduct comprehensive, standards-based lands and buildings planning, assess asset utility or evaluate market-based facility development opportunities.

### **RECOMMENDATIONS**

- The Department's operational guidance must reconcile and mandate: (1) properly organizing for comprehensive land and building asset planning, (2) accurately reporting asset information by district functional coordinators, and (3) consistently committing adequate resources to support robust asset management activities.

## *Excess Land on Hold; Section 4*

### **FINDINGS**

1. The Department's surplus property definition recognizes circumstances under which property is not yet truly surplus or ready for disposal and should, therefore, be held without triggering the 12-month statutory disposal clock.
2. 97% of the properties on 2B (Public Agency) Hold in Excess Land Management System (ELMS) have been there more than 1 year; 69% more than 2½ years.
3. 46% of sales to local agencies have not been recorded after more than 1 year; 35% remain unrecorded after 2 years.
4. Administrative resource limitations consistently constrain the Department's ability to make properties available for disposal within 12 months of clearance.

5. The Department uses the ELMS 2C hold category to cover its consistent under-allocation of resources needed to make properties available for disposal within 12 months of clearance consistent with the intent of SHC 118.6.
6. Providing district staff the resources for excess land disposal originally estimated in a project's Data Sheet and work plan would allow more surplus property to be offered for disposal within 1 year.
7. Not all environmental mitigation parcels have been included in the ELMS.
8. The lack of a defined "receiving agency" at acquisition and grantee endowment expectations delay conveyance of environmental mitigation parcels.
9. The insolvency of non-governmental organizations, which receive and manage environmental mitigation lands, is a growing concern.
10. When districts confront complex, seemingly intractable issues, they do not readily enlist Headquarters' help in resolving the problems.

**RECOMMENDATIONS:**

- The Department Director will include "process duration" targets for surplus property disposal in his District Directors' performance contracts.
- The Department will reliably and predictably allocate resources to excess land disposal consistent with those contained in project estimates and work plans, which will allow the Department to offer excess land for disposal consistent with the 12-month disposal intent of SHC 118.6.
- The Department will amend its guidance and administrative practices to facilitate closure and recordation of excess land sales to local public agencies within two years of public agency notification.
- All parcels acquired as or becoming, through Department actions, environmental mitigation parcels will be inventoried as category 2D Environmental Holds in the ELMS.
- Prior to parcel acquisition, districts will negotiate "letters of intent" with resource agencies destined to receive environmental mitigation property, which broadly establishes conveyance terms and the size of any likely endowment.
- With insolvency of non-governmental organizations a growing concern, the Department will develop structural solutions sustaining the perpetual fiscal health of conservancies, which receive and manage environmental mitigation lands.
- Districts confronting difficult and seemingly insoluble (Federal) issues will quickly solicit Headquarters' assistance in settling the issue.

*Holding Property for Future Projects; Section 5*

**FINDINGS**

1. The majority of the Department's parcels held for future projects are for only 4 projects.
2. Districts identified three-dozen parcels both on and off the traveled way that are being cleared as excess and readied for disposal.
3. Although the overall number of administrative anomalies has been reduced to a very low level, the "stand-alone" nature of Department real property databases is inefficient and prone to communication breakdowns and data maintenance errors.
4. The Department has no uniform policy integrating process improvement, staff development and proactive quality assurance to optimize efficient operation and maintenance of its Right of Way real property databases.

**RECOMMENDATIONS**

- The Department asset management function will ensure that each district division with operational possession or control of real property properly reflects its inventory in the appropriate Department database.
- The Department will develop and deploy a phased program for integrating its real property databases and information management systems.
- The Department will issue statewide operational guidance reconciling: (1) staff training and development, (2) continuous process improvement, and (3) proactive quality assurance.

## 2006 Real Property Retention Review Departmental Summary of Properties Reviewed

	LANDS & BUILDINGS				EXCESS LAND MANAGEMENT SYSTEM HOLDS				UNAWARDED FUTURE PROJECTS			
	TOTAL	IN-USE	HOLD	DISPOSE	TOTAL	IN-USE	HOLD	DISPOSE	TOTAL	IN-USE	HOLD	DISPOSE
DISTRICT 1	126	124	0	2	14	0	9	5	46	0	46	0
DISTRICT 2	188	186	1	1	43	0	14	29	7	0	1	6
DISTRICT 3	205	204	0	1	45	0	40	5	133	61	67	5
DISTRICT 4	239	236	0	3	429	0	403	26	1022	231	723	68
DISTRICT 5	93	89	0	4	7	0	2	5	127	6	99	22
DISTRICT 6	100	92	2	6	58	0	10	48	258	28	221	9
DISTRICT 7	206	196	3	7	83	0	56	27	558	18	513	27
DISTRICT 8	177	177	0	0	3	0	0	3	101	20	39	42
DISTRICT 9	73	73	0	0	4	0	1	3	0	0	0	0
DISTRICT 10	88	86	1	1	7	0	3	4	399	1	373	25
DISTRICT 11	141	139	0	2	125	0	50	75	416	8	390	18
DISTRICT 12	24	23	0	1	15	0	0	15	234	200	5	29
DISTRICT 16	27	27	0	0	0	0	0	0	0	0	0	0
TOTAL	1687	1652	7	28	833	0	588	245	3301	573	2477	251

**Footnote 1:** Parcels held for 5 projects comprise 42% of the property on hold in the Excess Lands Management System: ALA-80 (45 parcels), ALA-238 (62 parcels), ALA-880 (52 parcels), SCL-85 (35 parcels), SCL-87 (55 parcels).

**Footnote 2:** Parcels held for 6 projects comprise 70% of the property on hold for Unawarded Future Projects: ALA-238 (558 parcels), LA-710 (506 parcels), SD-52 (265 parcels), FRE-180 (151 parcels), TUO-108 (127 parcels), MER -152 (95 parcels).

**General Note:** Exclusive of Lands & Buildings, parcels held for just 4 projects comprise 50% (1,560/3,065) of all property held by the Department (588+2,477=3,065): ALA-238 (620 parcels), LA-710 (524 parcels), SD-52 (265 parcels), FRE-180 (151 parcels). Parcels for two projects, ALA-238 & LA-710, represent 37% of the total.



## **1. Background and Purpose**

*External evaluators have never considered the Department's real property asset management practices consistently competent or effective.*

The real estate planning and management context within which the Department of Transportation (Department) operates is shaped by a complex set of requirements and expectations expressed or implied in state statutes, Governors' Executive Orders and Department policy directives. While one might expect that responsibilities articulated in the aforementioned mandates evolved over the last quarter century to recognize and codify sound business practices used by state departments to efficiently fulfill their missions, they were, in fact, developed in large part as a response to the real or perceived inadequacy of state agencies and departments to effectively manage their real estate portfolios. Whether it was the Little Hoover Commission's 1985 report critical of state facility planning and management practices, which lead to Governor's Executive Order D-77-89 (implementing proactive asset planning and management in state departments), or the 1990 reports of the Little Hoover Commission and State Auditor, which lead to Governor's Executive Order W-18-91 ("It is the policy of the State to achieve the comprehensive planned management of the State's diverse portfolio of real estate..."), state agencies generally, and the Department specifically, have never been credited with establishing and sustaining competent and effective real estate management practices.

### **ANSWERING THE CRITIQUE**

*The Department issued DD-21 establishing the RPRR process and created Asset Management to coordinate facility planning and district-based real property management and disposal.*

The Department responded quickly to external criticism of its asset planning and management practices by creating an asset management function in 1990 to foster an entrepreneurial approach to administering the Department's diverse real estate portfolio. Asset management would link the demand drivers shaping long-range transportation system planning to the regular, systematic planning and evaluation required to effectively characterize real property assets (type, location, cost and timing) needed to support transportation operations. In 1992, the Department attempted to strengthen its commitment to proactive asset management by consolidating real property-related lands and buildings planning and management into the asset management function and implementing long-range real estate (facility) master planning. Responding to the rapidly evolving transportation planning and budgeting landscape, which began to delegate more authority to districts and local agency partners, the Department issued Deputy Directive DD-21 in 1994, which mandated that district directors annually develop long-range facility plans and establish Real Property Retention Review Committees (RPRRC), comprised of managers representing functional units responsible for facilities or other real estate

holdings, to evaluate the districts' real property portfolios and identify and dispose of holdings no longer needed for transportation purposes.

### **LOSING FOCUS**

***The Department reduced asset management staffing (from 13 in 1994 to 2 in 2004) and under-allocated the district resources needed to properly plan, manage and dispose of real estate assets.***

Despite good intentions and a laudable initial effort, inconsistent and fragmented internal asset management guidance and a lack of consistent management support undermined departmental attempts at consistent portfolio planning and management. After several years in which only one comprehensive master plan was published (1994) and few real property reviews were conducted, the Department once again fell under Bureau of State Audits' (BSA) scrutiny. In early 2001, the BSA issued a report, "*The State's Real Property Assets: The State Has Identified Surplus Real Property But Lacks Effective Processes To Manage Its Property*," based on its review of 1999 Department data, which was generally critical of the State's real property planning and management practices, and particularly disparaging of the Department's surplus property management practices. BSA auditors expressed concern over the Department's ability to determine what was no longer needed since it did not regularly produce demand-driven, standards-based plans that identified facilities needed to support long-term operations consistent with transportation infrastructure development. The audit also faulted Department management for not aggressively supporting the district-directed RPRR process, which BSA viewed favorably as long as it was undertaken within a robust planning framework.

### **REGAINING THE INITIATIVE**

***The Department revised DD-21 (R2) to sharpen annual real property evaluation, but it has done nothing to implement DD-84, which establishes long-range facility master planning roles and responsibilities.***

The Department anticipated the issuance of Governor Schwarzenegger's Executive Order S-10-04, mandating review and reporting of real property assets, and revised DD-21 in May 2004 to provide clearer guidance for statewide RPRR procedures. While mandating that each district RPRRC conduct rigorous annual, standards-based evaluations of district real property assets, DD-21 R2:

- Allows district directors to appoint district RPRRC chairpersons from any function or division; and,
- No longer makes long-range facility planning references and identifies a new Deputy Directive, DD-84, as guidance for comprehensive long-range facility master planning.

The RPRR analysis remains the basis of district real property retention decisions and the Department's facility inventory reported to the Department of General Services (DGS), which satisfies one of two annual Department inventory-reporting

requirements. Each RPRRC considers Department holdings in four real property categories:

1. **The Lands and Buildings Inventory**, which are facilities supporting transportation operations like office buildings, maintenance stations, equipment shops, Transportation Management Centers, safety roadside rest areas, environmental mitigation sites, park & rides, (etc.) or parcels acquired for future facility development;
2. **Excess Lands Management System (ELMS) holds**, which are parcels satisfying the criteria for being kept in one of four ELMS hold categories;
3. **Property Acquired for Unawarded Future Projects** (within 20 years), which may be conditionally retained if there is a legitimate, compelling and substantive justification for holding the subject property; and,
4. **Operating Right-of-Way**, which may consist of (unimproved) parcels acquired for future projects.

While there has been renewed interest and support by district directors and division deputies for the RPRR process described in DD21 R2, nothing has yet been done to implement DD-84, which satisfies the real estate planning component of the Governors' Orders cited above.

**RECOMMENDATIONS:**

⇒ *The Department will reconstitute and adequately support a robust statewide asset management capability, which will coordinate: (1) district RPRR efforts, (2) DD-84 implementation, (3) biennial development of district and division facility master plans, and (4) development, management, use and disposal of the Department's land and buildings assets.*

## **2. Embracing the Challenge**

*The RPRR is intended to be a robust, comprehensive analysis of the Department's real estate portfolio.*

During the review, district RPRRCs reviewed more than 5,800 individual real property parcels in the Department's inventory as of January 2006. Of these, approximately 1,700 constituted the Department's lands and buildings inventory, about 800 were project parcels on hold in ELMS, with approximately 3,300 parcels awaiting project award and construction. Of the roughly 4,100 project-related parcels reviewed, roughly 600 parcels were going to project construction, about 500 had been sold or cleared for sale, and another 1,250 were on hold for four Department projects. Of the approximately 1,750 remaining parcels, 1,000 should be consumed by projects or declared excess within a year.

*Senior district managers are insufficiently and inconsistently involved in the RPRR process.*

### **LEADERSHIP MATTERS**

Although the 2006 RPRR enjoyed a renewed commitment by district directors to the review process itself, it became increasingly evident that improved district director support had its limits, and its limitations. While district directors were engaged to the extent of approving completed RPRRC reports prior to submission to headquarters, their level of support for, or direct involvement in the RPRR process varied from leading kick-off meetings, to participating in property review or conducting follow-up meetings, to delegating the entire process to district deputies or functional unit managers. Regrettably, district directors had little success sustaining robust and thorough RPRR efforts when limiting their own participation to just one meeting or only issuing a memo mandating subordinate support. As deputies and senior staff perceived district directors' attention "shift" (back to project delivery), they too refocused attention and effort. This pattern, repeated across the Department, led to significant "down-delegating" of committee participation to associate-level staff (or below), who did not possess sufficient experience, knowledge or scope of authority to act in concert with the RPRRC's charter; deciding what should be held or what should be released. This behavior also led to significant non-participation on the part of individual district divisions, which delayed determination of property disposition while decisions were re-directed up the chain-of-command to alternate decision-makers.

***Senior district managers do not allocate sufficient resources to meet asset management and property disposal objectives.***

The post-RPRR performance review could identify little empirical evidence demonstrating that district directors and senior managers appreciated how daily management decisions/actions (resource allocations) affected the Department's "overall performance" being assessed in the RPRR. In this context, overall performance meant satisfying the proactive real property asset management and disposal objectives articulated in statute, Executive Order and Department directive. By only providing "process" resources to determine what district properties were conditionally retained, district directors (and senior managers) failed to acknowledge the relationship between process resources and "performance" resources, which, in large measure, have dictated which assets remain to be reviewed each year.<sup>1</sup> Furthermore, performance resources are necessary to proactively manage the lands and buildings portfolio and clear, sell or otherwise dispose of surplus property, which achieve the property management and disposal goals dictated by sound business practice and governing policy guidance.

#### **EXPERIENCE TOO**

***Using specialized staff with RPRR experience results in a more efficient, competent and timely review.***

Since the Division of Right of Way is involved in acquiring, managing or disposing of the Department's real property holdings (and there are no longer district/region Asset Managers), it was logical for district directors to appoint senior representatives of district or region Right of Way to chair 10 of the 12 RPRRCs.<sup>2</sup> As a result, the process-related resources were redirected from district or region Right of Way organizations to satisfy the challenges of organizing, conducting and otherwise supporting RPRRCs. District/region Right of Way Excess Land (RWEL) and Property Management (RWPM) staff provided the majority of RPRRCs' staff support with significant assistance from district Right of Way Engineering/Land Surveys professionals. Approximately half the districts deployed staff new to the RPRR process: Districts using staff who had participated in at least one prior RPRR enjoyed a higher level of competence and continuity, which resulted in more efficient navigation of the RPRR process, more competent review of the property inventory and more rapid production of final district reports. Lamentably, no additional performance resources were made available with which to ensure

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<sup>1</sup> This relates primarily to parcels in the Right of Way Property System (RWPS) or on hold in ELMS.

<sup>2</sup> Right of Way Property Management (RWPM) manages properties acquired for future project use, and district divisions for whom they provide operational support manage facilities in the Department's lands and buildings inventory.

timely follow-through on RPRRC property disposition opportunities.

**RECOMMENDATIONS:**

⇒ *District directors and senior functional managers will: (1) remain actively engaged in the RPRR process, (2) allocate sufficient resources to adequately manage and expeditiously dispose of real property, and (3) appoint, when practicable, experienced staff to conduct the annual RPRR review.*

### **3. First Principles**

***Although Governor's Executive Order mandated development of asset management functions, the Department has not provided consistent guidance or resources for an asset management organization, which would coordinate land and building asset planning.***

Governors' Executive Orders have directed that state agencies and departments create asset management functions promoting comprehensive facility planning and management, which tie facility needs to objective long-term operational demand drivers. To identify those assets, which are no longer needed, the RPRR presupposes the existence of a Department planning framework (articulated in DD-84) through which individual districts and divisions determine facility requirements. With its asset management capability progressively downsized over the last decade, the Department has neither reorganized nor committed (redirected) the resources needed to consistently conduct the substantive facility master planning mandatory under DD-84, regularly evaluate asset utility (alternative use, under-use, highest-and-best-use, neighborhood non-conformance), or consistently follow-through on recommendations for real property disposition. The available anecdotal evidence suggests that no rigorous, uniform, demand-driven statewide facility planning framework of the kind envisioned by DD-84 exists through which facility requirements may be established or surplus facility assets routinely identified.<sup>3</sup>

***While the listing of individual items in its lands and buildings inventory is generally up-to-date, the Department has improvements information for only about one-third of its major facility assets.***

#### **INVENTORY REPORTING**

State statute and Executive Order also mandates that the Department report to the Department of General Services (DGS) by July 1<sup>st</sup> each year its inventory of appropriate properties (facilities) and structures located thereon for inclusion in the Statewide Property Inventory (SPI) administered by DGS. The Department's lands and buildings inventory is comprised of 1,687 facilities: office buildings, warehouses, parking garages, transportation laboratories, equipment shops, maintenance stations, sand sheds, vista points, park-and-ride lots, resident engineering offices, commercial vehicle inspection stations and roadside rest areas. Of these, DGS and the Department agreed that 394 facilities are appropriate for reporting in the SPI. Because SPI information is relatively static, DGS allows the Department to maintain the inventory by exception, reporting only inventory changes. Although the Department has provided DGS all agreed-upon facility data, it has not fulfilled the second part of

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<sup>3</sup> The Department's efforts are limited to two capital planning activities. The 5-Year Facilities Infrastructure Plan is objective and credible, but it is limited to a small number of facility types, the planning horizon is far too short (budget-year + 5) and Department management rarely provides demand drivers (PYEs) for sufficiently long time periods (beyond 3 years). The facility component of the 10-Year SHOPP does not incorporate any linkage to demand drivers or uniform methodology through which one qualifies/quantifies demand: It has on more than one occasion been referred to by Programming as more of a "wish list" than a plan.

its reporting obligation, annually updating/reporting the Department's structures (buildings or improvements to real estate) inventory. The significant majority of structure information reported in the SPI is more than 10 years old. Moreover, no required structure information is provided for about 9% (32 of 351) of facilities reported. The problem is even more pronounced for the 223 major facilities the Department is not obliged to report in the SPI. Of these facilities, 70% (155) have no structure information whatsoever, and that which does exist is also years out-of-date.

### **MANAGING LANDS AND BUILDINGS**

*The Department is poorly organized to conduct comprehensive, standards-based lands and buildings planning, assess asset utility or evaluate market-based facility development opportunities.*

The last time the Department's lands and buildings inventory was regularly and properly maintained was during the era of the Division of Real Property Asset Management, which endured from 1990 through 1994. A staff of 13 real estate professionals was charged with creating the 20-Year Facility Master Plan, properly maintaining the Asset Management Inventory (the Department's lands and buildings database), reviewing the utility of Department facility assets (non-use, under-use, neighborhood non-conformance, etc.) and evaluating facility development initiatives for cross-functional support, consistency with district/division long-range plans, compliance with project delivery procedures and opportunities for joint-use or private sector partnerships. Since the mid-1990's, the Department has demonstrated a consistent unwillingness or inability to either reorganize or redirect the requisite "performance" resources necessary to consistently achieve the outcomes associated with proactive asset management called for in Governors' Executive Orders.<sup>4</sup> Until the Department fully implements DD-84, properly identifies and reports its inventory (to DGS) and organizes itself to provide comprehensive and robust asset management, it will continue to risk criticism from external auditors (BSA, Little Hoover Commission) or usurpation of its property management prerogatives by the Legislature or the Governor's Office.

The district lands and buildings coordinators representing divisions responsible for the majority of major Department facility assets worked through and around planning limitations and performance-related resource constraints to perform credibly during the 2006 RPRR. They isolated the small number of lands and buildings items requiring administrative action to remove them from the inventory (lease expirations, prior property sales not yet reflected in the database, etc.) and identified 35

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<sup>4</sup> With only vestigial asset management resources in place, the last ten years are replete with examples of districts and divisions delivering new facilities or modifying existing facility uses with little or no consideration of optimizing total (integrated) operational productivity while minimizing total capital investment.



Department assets, which are “not-in-use”. Of these, seven are facilities for which alternate Department uses are proposed, while 28 are properties in the process of being conveyed or made ready for sale or exchange.<sup>5</sup>

**RECOMMENDATIONS:**

***⇒ The Department’s operational guidance must reconcile and mandate: (1) properly organizing for comprehensive land and building asset planning, (2) accurately reporting asset information by district functional coordinators, and (3) consistently committing adequate resources to support robust asset management activities.***

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<sup>5</sup> Because of the lengthy environmental clearance process, many of these items appear in multiple RPRR reports until a property is finally cleared and conveyed.

## **4. Excess Land on Hold**

*The Department's surplus property definition recognizes circumstances under which property is not yet truly surplus or ready for disposal and should, therefore, be held without triggering the 12-month statutory disposal clock.*

Property is placed on hold in ELMS within one of four hold categories: 2A, 2B, 2C, or 2D. Because parcels in categories 2A and 2D have not yet been fully cleared (by Design for the former and Environmental for the latter) they are not surplus in the strictest sense. Since the parcels in category 2B have received clearances, they are properly defined as surplus property on hold. Exclusive of property on hold for legal reasons, 2C parcels are predominantly cleared as excess, but they are awaiting completion of required administrative tasks prior to disposal. The category definitions are:

2A Parcels held at engineering's request for possible right of way or mitigation requirements for:

- The same project;
- Another project; and,
- Operational purposes, such as:
  - Improved construction site access.
  - A batch plant site or similar use.
  - Resident Engineers' modular offices (vacant land only).
  - Temporary detours.
  - Temporary material sites.

2B Parcels held for sale to a public agency, which are approved when an official authorized to bind the agency to buy the land submits a written, signed request within 60 days after the property is offered. With RPRRC approval, a property may be held up to a maximum of one year after receipt of the written request and deposit, which allows the agency time to arrange financing. Each hold request must contain a:

- Property description or map;
- Description of the public purpose to which the land will be put;
- Resolution declaring the agency's intent to buy the property; and,
- Date the sale will be concluded or reasons for any delay.

2C Parcels held for administrative or legal reasons, which include:

- Clearances or incomplete valuations, maps or deeds;
- Relocation assistance or replenishment housing;
- Resolution of potential claims against the Department;
- Judicial or legislative actions;
- Routes that may be rescinded or down-scoped;
- Written instructions from the CTC, Director, or HQ R/W Program Manager; and,

- Parcels awaiting optimum return or exchange, for:
  - Adjacent land, which provides access or makes a salable unit;
  - Access, which is unavailable until project completion; and,
  - Needed right of way.

2D Parcels held for environmental compliance or mitigation purposes.

The Streets and Highways Code (SHC) establishes the Department's surplus property disposal goal in section 118.6: *"The department shall, to the greatest extent possible, offer to sell or exchange excess real property within one year from the date that it is determined by the department to be excess."* Two clauses in the statute, *"to the greatest extent possible"* and *"determined to be excess,"* provide the Department administrative discretion and operational latitude needed to effectively manage excess land disposal in an environment where many properties present unique clearance challenges. The former clause suggests that the "one-year" rule is not rigid, and the latter passage provides the Department the authority to define when or under what circumstances a property becomes surplus. This statutory delegation of discretion is critical because although real property may no longer be needed for a project, it may not yet be ready for sale, exchange or other disposal.

#### **WHEN A SALE IS REALLY A HOLD**

***97% of the properties on 2B (Public Agency) Hold in ELMS have been there more than 1 year; 69% more than 2½ years.***

When a public agency wants to acquire an excess land parcel but may not be in a position to consummate the transaction in a timely manner, the Department may place it on a Public Agency Hold, which is ELMS category 2B. Although properties on 2B hold may have received all necessary Department clearances to qualify as excess, along with the deeds, maps and valuations required for disposal, a brief survey of 2006 RPRR data indicates that 69%, 20 of 29 parcels, in the 2B hold category in the ELMS had been there two and one-half years or more, and 28 of 29 (97%) parcels had been in the category more than one year. What is difficult to discern by just reviewing the statistics is that the Department may have completed its internal preparations for parcel disposal within 12 months, satisfying the SHC 118.6 mandate, but local agencies often aggravate disposal discussions by introducing issues during negotiations, which significantly add to the time it takes to develop and execute a sales agreement. Often, local agencies take more than the statutorily allowed 60 days to respond to the Department's surplus property notification, and, when responding affirmatively, prolong contract negotiations well beyond the 60 days stipulated in SHC 118.6 before reaching agreement. The

Department, exercising its discretion and flexibility, continues to hold property on a case-by-case basis recognizing that the ultimate objective is a conveyance optimizing public benefit, but this may only occur at the expense of an uncomfortably long period on hold.

Because local agency capital funding is often the by-product of a years-long capital budgeting process, they often enter excess property negotiations well in advance of having funds to consummate property acquisition. It is not unusual for local governments to wait through more than one budget cycle to receive funding. Moreover, there are occasionally instances of jurisdictions awaiting federal funds to consummate a transaction, which may be years in coming. Recognizing these realities, the Department sells property to local agencies using a "1-year option" that requires the local agency to pay 10% of the sales price up front (credited to the purchase price) to hold the property for one year. If at the end of a year's time the local agency cannot consummate the transaction, the Department may extend the option for another year with payment of an additional 10% of the sales price, which is also credited against the purchase price.

***46% of sales to local agencies have not been recorded after more than 1 year; 35% remain unrecorded after 2 years.***

Once a sale (option) contract is executed, the ELMS item moves off hold; however, it does not exit the system until funds are received and the deed is recorded. One need look no further than the ELMS listing of sold properties (the OPT category) to see that 148 of the 322 transactions not yet recorded (46%) are more than 12 months old and 114 (35%) are more than two years old. A significant number of these transactions involve local governments that have tied-up property for years; first on hold, then as an "optioned" (sold) parcel. Receiving funds and recording a deed may be years in the making. As much as the Department seeks to be a supportive transportation partner, its goal must be to find ways of conveying surplus properties in a manner that moves beyond the mandate of SHC 118.6, readying for property sale or exchange in 12 months, to target deed recordation within some finite time period (say 24 months).

## **HOLDING ON TOO LONG**

***Administrative resource limitations consistently constrain the Department's ability to make properties available for disposal within 12 months of clearance.***

Where statute implies one year is sufficient for completing administrative activities precipitating parcel disposal, experience has demonstrated that it is an unrealistic goal. Because constant unavailability of "performance" resources has historically prevented timely and predictable completion of items required for disposal (deeds, maps and valuations), the Department has exercised its statutory discretion to broaden the definition of "surplus" to include completion of administrative tasks needed for disposal. The Department's Right of Way Manual acknowledges this in section 16.02.03.00 where it uses the latitude and discretion provided in SHC 118.6 to define when property is considered excess: "*Parcels in Category 1A (parcels available for immediate sale) should be disposed of as soon as possible. In accordance with Streets & Highways Code Section 118.6, property must be offered for sale within 12 months from the time it is determined to be surplus. Parcels in Category 1A that do not have clearances, valuations, and/or maps and deeds are NOT available for immediate sale, and should be transferred immediately to the appropriate hold category.*" The critical wording in the citation is "have clearances", since a property is considered surplus only after it has been "cleared" as unneeded by construction-related functions and other Department divisions with land or building requirements. However, even when a property is "cleared" and officially surplus, it is not ready for disposal until a deed, a map and a valuation are completed. Properties awaiting these items have been (and continue to be) placed on hold (2C), and the 12-month clock started only when the requisite tasks are completed.

***The Department uses the ELMS 2C hold category to cover its consistent under-allocation of resources needed to make properties available for disposal within 12 months of clearance consistent with the intent of SHC 118.6.***

While there are properties legitimately on 2C hold for relocation assistance, replenishment housing, awaiting optimal market conditions, et cetera, the 2C hold category has been used to obscure the fact that insufficient resources have been committed to comply with the statutory intent of making property available for disposal within 1-year of being declared surplus. District RPRRCs reviewed 833 fee-owned parcels on hold in ELMS and concluded that 245 could be sold, exchanged or otherwise conveyed. However, the universal frustration continued to be inconsistent or unpredictable access to resources needed to prepare property for disposal. Approximately 50% of ELMS parcels on hold at the time of the review (413) were 2C holds; a significant number of which were awaiting a deed, map or valuation to proceed to disposal (category 1A). Of the 413 parcels being held as 2C, 59% (242) had been on hold in this category for nine or more months, which means they were not likely to be

disposable for at least 15-18 months after being cleared as excess. To further complicate matters, more than 200 additional parcels awaiting deeds, maps or valuation had been erroneously placed (under current guidance) in Category 1A instead of 2C, which further exacerbated disposal preparation. With current resource allocations, these 200-plus properties could not be made available for disposal within 12 months. Since placing parcels on 2C hold freezes the 12-month disposal clock, starting only after deeds maps and valuations are completed; the Department need never worry about non-compliance.

### **DELIBERATE CHOICES**

***Providing district staff the resources for excess land disposal originally estimated in a project's Data Sheet and work plan would allow more surplus property to be offered for disposal within 1 year.***

On-time project delivery and the effective management and disposal of surplus property are not mutually exclusive goals. Timely disposition of excess property has been (and continues to be) conceptually and programmatically a part of project delivery. Unfortunately, the 2006 RPRR confirmed (again) that as the perception of excess land disposal as “decoupled” from project delivery grows, district directors, division deputies and project managers have allocated fewer and fewer performance resources to fulfilling departmental property disposal obligations. If adequate performance resources are estimated, budgeted and allocated in project initiation, programming and scheduling documents (as one supposes they have), then the significant majority of excess parcels could (should) be offered for disposal within 1-year, as required in SHC 118.6. Regrettably, 2006 RPRR research demonstrates that project managers either allocate budgeted Right of Way resources to other project-related functions or district Right of Way management internally reallocates division resources to other project-related right of way activities and away from originally programmed purposes far too regularly. Individual district or region RWEL organizations are loath to suffer the real or perceived adverse consequences of making such assertions; none wants to be the first to officially state that they could prepare most/all cleared properties for disposal within the 1-year statutory limit if only they had the resources originally estimated. Until district directors and project managers consistently treat property disposal as an inviolable part of the project delivery process and support it with resources budgeted for performance of appropriate support activities, the Right of Way Manual should not be revised to reflect a more rigorous property disposal standard.<sup>6</sup>

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<sup>6</sup> Including property disposal targets in district directors' performance contracts with the Director would increase the probability of making excess property available for disposal within the 1-year statutory mandate.

## **A UNIQUE ENVIRONMENT**

***Not all environmental mitigation parcels have been included in the ELMS.***

All parcels acquired as, or which through circumstance become environmental mitigation parcels should be inventoried in the ELMS as category 2D environmental holds.<sup>7</sup> Property of this kind may have been acquired for a specific project proximate to the site, or it may comprise all or part of a mitigation land bank whose biological credits are used to satisfy the permit requirements of projects some distance from the mitigation bank. While many mitigation parcels are represented in the ELMS, district RPRRCs identified a number of project mitigation parcels, which were not accounted for in the ELMS. Districts have committed to redouble their efforts to inventory all environmental mitigation parcels in the ELMS.

Parcels acquired for environmental mitigation are “non-right-of-way” properties acquired to satisfy permit conditions of a project. As such, these parcels were never intended to become part of the traveled way or to be used as sites for facilities, which support transportation operations. Since the Department is not a resource agency, once mitigation sites have matured and are accepted by permitting agencies as satisfying the original permit requirement, districts are to appropriately dispose of the parcels, which has generally meant conveyance to a federal agency (Fish and Wildlife), state department (Fish and Game), a local government agency or a local/regional non-profit conservancy.

***The lack of a defined “receiving agency” at acquisition and grantee endowment expectations delays conveyance of environmental mitigation parcels.***

Districts confront several impediments to (rapidly) conveying mature mitigation sites. First, it is unlikely that the Department has identified a receiving agency when the mitigation parcel is acquired. Even if a partner has been found, it is extremely doubtful that an agreement governing the terms and conditions of subsequent conveyance will have been negotiated. Based on 2006 RPRR information, districts often face locating conveyance partners at, or shortly after project closure. Furthermore, receiving agencies now expect endowments sufficient to defray perpetual costs of supervising and managing a site to accompany property conveyance. While a relatively recent phenomenon, endowments have become a regular expectation, which should, by this time, have been incorporated into the Department’s project planning, estimating, programming and scheduling processes. Endowment funding should no longer hinder conveying (planned) mitigation acquisitions; unfortunately, it does.

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<sup>7</sup> These parcels are also inventoried in the AMI as part of the Department’s lands and buildings inventory, but they are not reported to DGS as part of the annual SPI update.

***The insolvency of non-governmental organizations, which receive and manage environmental mitigation lands, is a growing concern.***

The 2006 RPRR also revealed a relatively recent, and very unsettling district experience; non-profit conservancies to whom the Department conveyed mitigation parcels are becoming insolvent. The Department (and its partners) must not only consider what to do with property held by insolvent non-profit agencies, but also how it will conclude, with reasonable certainty, that particular non-government agencies or conservancies receiving future conveyances are and will remain (perpetually) solvent. The Department is grappling with this issue while investigating alternative partnership structures, like Joint Powers Authorities (JPAs) or government-sponsored or supported conservancy structures to which property could be conveyed. In the meantime, this may delay the regular and predictable conveyance of Department environmental mitigation holdings.

As part of its review, the RPRR exposed an incidence where (12) parcels containing potentially significant cultural sites had not just been taken off 2D hold, but had also been removed from the ELMS altogether. This was not a capricious act, but one taken in response to a determination made by a previous RPRRC. The subject parcels, which had been acquired for a project, were discovered to have potentially significant cultural artifacts. Since the parcels were not acquired specifically for their environmental characteristics, this discovery meant that resources needed to determine the scope and character of the find were not included in the original project estimate or work plan. That being the case, the responsible division concluded that resources were not available to properly assess the nature/importance of the cultural artifacts on the parcels in question, and, therefore, the RPRRC made the (erroneous) decision to just remove property from the inventory. The current RPRRC has insisted the parcels be returned to the ELMS as 2D holds and the district's Environmental Division investigate the scope and character of cultural artifacts on the parcels in question. A disposal plan will be developed based on the information provided by the environmental evaluation. If the parcels are environmentally significant, they can be conveyed to an appropriate resource agency, and if not, they will be sold as surplus.



***When districts confront complex, seemingly intractable issues, they do not readily enlist Headquarters' help in resolving the problems.***

#### **ASK FOR HELP**

The Department occasionally confronts property disposal challenges complicated by low parcel value, complex engineering concerns and difficult legal issues. Years of effort may be required to bring closure to a really complex property disposal. The Department has justified pushing aside problematic properties so limited district resources could be used to dispose of high-value properties, which satisfied its fiduciary obligation to optimize returns from surplus asset disposal. However, districts invariably encounter low-value parcels enveloped in complex disposal issues, the resolution of which would consume a disproportionate share of scarce Department resources. District 11 has been wrestling with just such an issue for at least 10 years. The district holds property along Imperial 86 that was erroneously surveyed some years ago by the federal Bureau of Land Management (BLM). The subject survey was purportedly "off" by as-much-as 400' – 600', which has confused land ownership rights in the area ever since. The Department acquired a number of properties for Imperial 86, but it cannot be sure the boundaries accurately define the parcels it owns.<sup>8</sup>

The BLM was to resurvey one Township to determine the magnitude its error and quantify the legal scope of the issue; however, it decided not to conduct additional surveys or invest more legal resources in resolving Route 86 issues. The parcels in question were placed on hold (2A) several years ago (>6) awaiting completion of the federal survey and resolution of the boundary issues. Since the district could not have anticipated these survey issues, it did not budget resources for their resolution in its project estimates. With BLM's abandonment of the issue, it would be imprudent for the district alone to expend extremely scarce RWEL and Right of Way Engineering resources attempting resolution of the complex issues preventing disposal of these low-value parcels. This is undoubtedly an instance where headquarters intervention with the federal government on behalf of the district is warranted. The Department may be able to induce one federal agency (FHWA) to convince another (BLM) to live up to its obligation to resolve the issue.

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<sup>8</sup> While there are only 17 parcels at issue, they comprise 1,378 acres.

**RECOMMENDATIONS:**

- ⇒ *The Department Director will include “process duration” targets for surplus property disposal in his District Directors’ performance contracts.*
- ⇒ *The Department will reliably and predictably allocate resources to excess land disposal consistent with those contained in project estimates and work plans, which will allow the Department to offer excess land for disposal consistent with the 12-month disposal intent of SHC 118.6.*
- ⇒ *The Department will amend its guidance and administrative practices to facilitate closure and recordation of excess land sales to local public agencies within two years of public agency notification.*
- ⇒ *All parcels acquired as or becoming, through Department actions, environmental mitigation parcels will be inventoried as category 2D Environmental Holds in the ELMS.*
- ⇒ *Prior to parcel acquisition, districts will negotiate “letters of intent” with resource agencies destined to receive environmental mitigation property, which broadly establishes conveyance terms and the size of any likely endowment.*
- ⇒ *With insolvency of non-governmental organizations a growing concern, the Department will develop structural solutions sustaining the perpetual fiscal health of conservancies, which receive and manage environmental mitigation lands.*
- ⇒ *Districts confronting difficult and seemingly insoluble (Federal) issues will quickly solicit Headquarters’ assistance in settling the issue.*

## **5. Holding Property for Future Projects**

*The majority of the Department's parcels held for future projects are for only 4 projects.*

With the exception of a small number of parcels used for facilities supporting transportation operations, parcels acquired by the Department are intended for use in transportation infrastructure projects. Concurrent with district RPRRC evaluation of excess land parcels on hold, district committees vigorously evaluated parcels not yet committed to construction (prior to contract award) to insure that property is held only for viable future projects. Of the 3,301 parcels of this kind reviewed in the 2006 RPRR, 251 had been sold or were being readied for disposal or administrative removal from the property inventory, 573 parcels had been committed to active project construction and 2,477 were being held for future projects. Of the 2,477 future-project parcels, 1,267, 51%, are associated with only four projects (Alameda 238, Los Angeles 710, Fresno 180 and San Diego 54), two of which, the LA-710 and ALA-238, are very special projects, which have been delayed by myriad legal and environmental issues for more than 30 years. The significant majority of the remaining 1,210 parcels are committed to projects that will go to construction within the next 12 to 18 months, which means the total number of parcels districts review year-to-year may remain roughly the same, but one-half to two-thirds of this inventory segment will be comprised of entirely new parcels.

*Districts identified three dozen parcels both on and off the traveled way that are being cleared as excess and readied for disposal.*

In addition to reviewing (active) parcels in the RWPS that were acquired for future projects, districts were again asked to review existing right-of-way corridors and identify (inactive) parcels incorporated into the traveled-way, which may have been acquired for a future project. This analysis is very difficult because districts cannot easily refer to existing databases in which parcel-specific information is stored. Properties of this kind must be identified through either painstaking review of route maps or mining the memories of long serving district employees. Using both techniques, district RPRRCs were able to identify 24 parcels in the operating right-of-way originally intended for future project uses, which never materialized. The districts in which these properties reside are quickly moving them through the clearance process so they may be declared excess and sold.

The search for unneeded parcels was so rigorous that it uncovered 12 parcels that had been "off the books" for many years. These parcels were apparently acquired for a route alternative that was not selected. They were obviously not entered into the ELMS at that point and processed for disposal. The parcels became inactive in the RWPS when the project was awarded; as far as the Department's data systems were concerned, these parcels were

under pavement with the rest of the property acquired for the project. Now that they have been “resurrected”, two of the parcels are being held for use as environmental mitigation sites and the balance are being cleared as excess property, which will be sold at auction.

### **INTERMITTENT IMPROVEMENT**

***Although the overall number of administrative anomalies has been reduced to a very low level, the “stand-alone” nature of Department real property databases is inefficient and prone to communication breakdowns and data maintenance errors.***

Although the quality of information provided in the RWPS can often be problematic, there was marked improvement in the overall caliber of information available to RPRRCs during the 2006 review cycle. Previous RPRRs had to cope with anomalous information in the property database, which included as many as 25% of the items reviewed. Historically, these items consisted of parcel and EA (Expenditure Authorization) data from recently awarded or completed projects, which remained active in the RWPS because information (award date, completion date, etc.) making them inactive was not input or was input improperly. Three years of focused effort reduced the number of anomalies encountered during the 2006 review to fewer than 3% of the of the items evaluated (<100).

The majority (if not all) of the problems identified with information in the RWPS by district RPRRCs year-after-year result from the “decoupling” of parcel and project management databases. There are the ELMS that supports excess land disposal, the RWPS, which inventories all property acquired for project use (including excess land parcels), and the IRWS (Integrated Right of Way System) that bridges parcel-level RWPS data with the project-specific information in the Project Management Control System (PMCS). None of these three databases is linked to the others as far as parcel data set-up is concerned; each parcel must be independently entered into each system. With respect to the RWPS, parcel-specific information may only be entered after information for the same parcel is created in the IRWS. Since no formal process exists to compare transactions within and between these independent property databases (what should occur) to outcomes (what did occur), erroneous data migrates throughout the system without being challenged until it is highlighted during a RPRR.

To complicate matters, as districts migrate from PMCS to different project management tools like Microsoft Project, XPM (Xpert Project Manager) or some other software platform, they do not stop to fully consider the implications of the transfer on parcel management systems; they just stop supporting IRWS and PMCS as they have in the past. In the worst-case scenario, the decision results in property not being reflected in the RWPS at all because it is not being initiated in the IRWS, which means Right of Way

cannot “see” the parcels and increases the likelihood some may get “lost”. A somewhat smaller problem involves updating project-related information like award date, which, when entered, moves a parcel from an active to an inactive status. If the PMCS information is not properly maintained, parcels for projects that have been awarded, moved to construction or completed continue to be reported in the RWPS for years.

## **ROLES AND RESPONSIBILITIES**

*The Department has no uniform policy integrating process improvement, staff development and proactive quality assurance to optimize efficient operation and maintenance of its Right of Way real property databases.*

A post-RPRR survey of Right of Way staff involved with both districts’ RPRRC efforts and also maintaining the Department’s property databases resulted in consensus that the challenges of accurately maintaining multiple databases are exacerbated by incomplete training, inconsistent focus on process integration or improvement and sporadic interest in quality control. Circumstances were described where experienced personnel were rotated or reassigned without being replaced or replaced with someone of lesser experience who was not provided adequate training; for example, only knowing to update one RWPS screen, but not all those required. Instances were related of staff not knowing to forward from one section to another documentation creating parcels in the ELMS; excess parcels would be in the RWPS but not in the ELMS. Illustrations were provided of inconsistency among and between district divisions throughout the state in assigning responsibility for creating and maintaining parcels in the IRWS (if at all). In some districts, Right of Way Engineering (which is actually in the Division of Right of Way in only one district) sets-up parcels in the IRWS, and in others administrative personnel do it; sometimes it is ignored and done only by exception. Because there is no universal mandate that IRWS updates be made or an assignment of responsibility for one function to do so, there is no guarantee that necessary information updates will occur.

The Department will not successfully resolve these issues until it integrates training, rotation policy and quality control measures, which will guarantee those responsible for project/parcel-specific data transactions among and between the various databases from which RPRR data is derived are fully well prepared to successfully undertake their duties. Procedures must be implemented that identify required actions, specify who and how they are to be performed, identify expected outcomes and incorporate a means of confirming actions did/did not occur as anticipated.

**RECOMMENDATIONS:**

- ⇒ *The Department asset management function will ensure that each district division with operational possession or control of real property properly reflects its inventory in the appropriate Department database.*
- ⇒ *The Department will develop and deploy a phased program for integrating its real property databases and information management systems.*
- ⇒ *The Department will issue statewide operational guidance reconciling: (1) staff training and development, (2) continuous process improvement, and (3) proactive quality assurance.*

## **6. Anticipating Continuous Improvement**

*The goals of comprehensive asset management are to properly plan, develop, inventory, manage, review, and dispose of the Department's real property holdings.*

The RPRR is the Department's primary quality control mechanism, which "encourages" compliance with the letter and intent of SHC 118.6, Governors' Executive Orders D-77-89, W-18-91 and S-10-04 and Deputy Directives DD-84 and DD-21 R2. The value of the RPRR will not be fully realized until the process consistently has the full support and involvement of management at all levels of the Department.

The Department improves asset planning and development performance by:

- Integrating demands derived from long-term infrastructure expansion;
- Recognizing system safety goals and level-of-service objectives;
- Coordinating among and between divisions, districts and local partners;
- Delivering district and statewide Lands and Buildings management plans;
- Establishing facility planning standards, assumptions and drivers;
- Reconciling projects to long-range plans to ensure consistency and compliance; and,
- Performing economic analyses for all facility development initiatives.

The Department meets its asset management goals by committing to:

- Maintain clear and consistent policy guidance, which defines the roles responsibilities, authority and accountability among and between divisions and districts for the long-range planning needed to properly identify required capital (facility) improvements (DD-84).
- Maintain clear and consistent policy guidance, which defines the roles responsibilities, authority and accountability among and between divisions and districts for performing annual reviews of the Department's real property holdings (DD-21 R2).
- Maintain senior management's absolute commitment to proactive stewardship of the Department's real property portfolio and unwavering support (resources) for annual real property reviews.
- Maintain a transparent, fair, fast, and predictable surplus property disposal process.

## **Attachment A**

2006 REAL PROPERTY RETENTION REVIEW

DISTRICT SUMMARIES



# 2006 Annual Report

## Real Property Retention Review Committee

### District 1

District Director: Charles C. Fielder  
RPRR Committee Chair: Walter Bird

District 1's District Director supported the efforts of the RPRR Committee. Right of Way Excess Lands, Property Management, Asset Management and Land Surveys worked closely and in full cooperation with RPRR Committee members to comprehensively review the District's real estate portfolio and fully comply with the intent of Deputy Directive 21 R2.

## **Summary of Significant Issues**

### Lands and Buildings Inventory

The District Maintenance Program reports two surplus facilities: Klamath and Weitchpec Maintenance Stations. The Klamath Maintenance Station, which has been closed for many years, is awaiting environmental clearance prior to a negotiated sale to the Yurok Tribe. Also the Weitchpec Maintenance Station has been closed for many years, and is also awaiting environmental clearance prior to a negotiated sale to the Yurok Tribe. The Tribe has constructed a fire station on this site. The Clearlake Resident's Engineer's Office is a double-wide mobile home with a Material's Lab located in a cinder block garage, this facility will be added to the Asset Management List and will continue to be used as an RE Office/Material's Lab for future projects.

### Excess Land Holds

Former Weitchpec Maintenance Station needs Environmental Review expedited in light of their fire station being built on currently State-owned property. An MOU to exchange this parcel for the environmental clearance to be done by the Yurok Tribe is currently in the works. Klamath Maintenance Station is currently leased to the Yurok Tribe, pending clearance to sell to Yurok Tribe, if Tribe unable to purchase this parcel, we will proceed to public sale. Two parcels located on Sixth Street in Eureka (Parcels 7581 and 7949) are on hold as possible mitigation parcels for the Mad River bridges project. A mitigation parcel will continue to be on hold until the plantings are established on Parcel 9453 adjacent to Highway 1 in Cleone. This mitigation parcel will be transferred to McKerricker State Park in the future. In Lake County on Highway 20, Parcel 11073 will be sold at public auction once the public sale estimate and deed has been completed. Parcel 10915 adjacent to Lake 20 is currently being utilized as a Resident Engineer's Office/Material's Lab for both Phase 1/Phase 2 of a Safety Project in Nice. Upon completion of Phase 2, it is anticipated these improvements will be vacated and be directly sold to Lake County's Redevelopment Office. Parcel 10500 adjacent to Highway 299 has been on hold for several years as a possible disposal site for Maintenance, this summer; their staff determined they would not be utilizing this

2006 Annual Report  
Real Property Retention Review Committee  
District 1


location. This parcel will be placed on public auction as soon as a public sale estimate and deed is prepared. Parcel 11186 has been on hold for the Fifth and R Street project. Upon completion of this project, either a fair market appraisal or public sale estimate this parcel will be prepared and proceed to a direct sale or go to a public sale auction. Four parcels will be deleted from this list as they were sold at public sale auction after we received clearance to sell.

Property Held for Unawarded Future Projects

There were five EA's representing "non-excess" parcels, which are being retained for current or future projects. The Committee recommends retaining parcels associated with the Willits Bypass or for future mitigation parcels.

Property Held for Future Projects Incorporated Into the Right-of-Way

These types of properties were reviewed because of the overall interest that the Governor, Legislature, and California review Team (CPR) have place in underutilized State properties. Five (5) areas were identified that may, after further study have surplus property. The five contiguous parcels adjacent to HUM 101 in Westhaven are currently wide Right of Way and would need to be decertified to sell these "ocean view" parcels. Surveys, deeds, and public sale estimate will need to be completed for these parcels. The group of parcels in Mendocino County will be held until a determination of whether they will be needed for the Willits Bypass or mitigation bank. The wide Right of Way in the Orick area adjacent to HUM 101 will most likely be utilized as a mitigation parcel(s).

  
\_\_\_\_\_  
CHARLES C. FIELDER  
DISTRICT DIRECTOR

June 2, 2006  
DATE

# 2006 Annual Report

## Real Property Retention Review Committee

### District 2

District Director: Brian Crane  
RPRR Committee Chair: Walter Bird

District 2's District Director supported the efforts of the RPRR Committee. Right of Way Excess Lands, Property Management, Asset Management and Land Surveys worked closely and in full cooperation with RPRR Committee members to comprehensively review the District's real estate portfolio and fully comply with the intent of Deputy Directive 21 R2.

## Summary of Significant Issues

### Lands and Buildings Inventory

There are two surplus facilities in the Asset Management Inventory, the former Buckhorn Maintenance Station and the Newell Maintenance Station.

The excess at the Buckhorn site will be sold upon receipt of environmental clearance from the Regional Water Quality Control Board. We anticipate final water board clearance will be obtained within the next few months.

The National Historic Landmark at the Newell Maintenance Station requires hazardous waste cleanup. The site is currently undergoing Phase I Environmental assessment to determine the extent of an archaeological site that was recently found within the boundaries of the historic landmark. After the environmental studies determine the extent of the archaeological site, hazardous waste ground monitoring wells will be placed. In the interim, Caltrans will be leasing this site to the National Parks Service to protect, stabilize and preserve the historical site.

### Excess Lands Holds

The Excess Lands Holds report lists parcels for which conditional retention is being requested. There are 24 entries comprised of 43 parcels in this year's report; 4 entries (5 parcels) are on environmental holds to evaluate archaeological sites, 3 entries (3 parcels) are on engineering holds to determine if there will be any excess after completion of projects, 2 entries (3 parcels) are on public agency holds, one entry is a decertification requests that is being closed and will be removed from this list, one parcel is a environmental mitigation site that is monitored by District 3. The remaining 13 entries (27 parcels) have received internal clearance to sell and are at various stages of process and have been moved to 1-A Status.

### Property Held for Unadvertised Projects

This report includes 5 entries comprised of 7 parcels that are all part of operating right of way. The parcels include airspace leases, interagency leases, encroachment permits and new environmental mitigation sites. All parcels are to be removed from this list.

### Property Held for Future Projects in the Right-of-Way

Three areas were reviewed this year. Two areas will be re-evaluated next year to determine if there is excess that can be sold. One is within an area of development and is to be removed from this list.

# 2006 Annual Report

## Real Property Retention Review Committee

### District 03

District Director: Jody Jones  
RPRR Committee Chair: Walter E. Bird

District 03's District Director supported the efforts of the RPRR Committee. Right of Way Excess Lands, Property Management, Asset Management and Land Surveys worked closely and in full cooperation with RPRR Committee members to comprehensively review the District's real estate portfolio and fully comply with the intent of Deputy Directive 21 R2.

## Summary of Significant Issues

### Lands and Buildings Inventory

District 3 RPRR Committee identified 4 operational facilities that will be removed from this list. Those properties are: 12<sup>th</sup> Street Maintenance Station, Colfax Maintenance Station, Marysville Sign Yard, and the Williams Maintenance Station. It is our recommendation that all four listings for District 03's Lands and Buildings Inventory be removed from the RPRR list. Each facility will be reincorporated, and used by various functional units.

### Excess Land Holds

There are 31 excess properties on hold. 5 parcels are being recommended for removal from this list as Excess Lands is processing their disposal. The significant holds are as follows: 1 parcel is being held per Traffic Ops; 11 parcels are being held per Right of Way's recommendation as projects are nearing construction and it is Right of Way's recommendation to hold until construction is complete; 6 parcels are being held per environmental, including the Beach Lake Mitigation parcels (142 acres) which is pending transfer to the US Fish & Wildlife Service; and 17 parcels that are being held as part of the Live Oak/Gridley Bypass, an adopted route, until such time that the route is rescinded by the CTC and parcels declared excess.

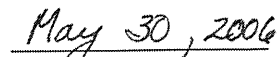
### Property Held for Unawarded Future Projects

There are 132 parcels held for future projects. Of these parcels the most significant holdings are for the Butte 70/149 Interchange Project (31 parcels); Orland Realignment (16 parcels); Operational improvements in Placerville (9 parcels); Yuba/Sutter 70 improvements (26 parcels); and the Live Oak/Gridley Bypass.

### Property Held for Future Projects Incorporated Into the Right-of-Way

The D-3 RPRRC identified 1 location on existing R/W with significant holdings that are not being fully utilized. Further review of these properties is being undertaken. Several functional units (i.e. Environmental and Maintenance) have expressed interest in this parcel.

  
Jody Jones  
DISTRICT DIRECTOR

  
DATE

# 2006 Annual Report

## Real Property Retention Review Committee

### District 4

District Director: Bijan Sartipi  
RPRR Committee Chair: Marta Bayol

District 4's District Director supported the efforts of the RPRR Committee. Right of Way Excess Lands and Asset Management worked closely and in full cooperation with RPRR Committee members to comprehensively review the District's real estate portfolio and fully comply with the intent of Deputy Directive 21 R2.

## Summary of Significant Issues

### Lands and Buildings Inventory

The District identified three (3) operational facilities in the Lands and Building inventory that should be made available for sale. The Ettie Street Maintenance Station is closed, cannot be used until hazardous materials are cleaned up. With the completion of construction of the new South Oakland Maintenance Station, scheduled for May 2008, the Department will be able to close and sell both of these existing facilities: South Oakland Maintenance Station and the Hayward Maintenance Station.

### Excess Land Holds

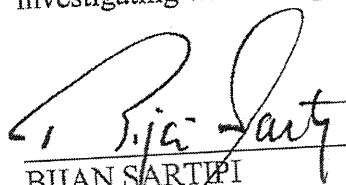
District 4 has 422 parcels in the Excess Lands Hold Inventory. Of the 422 parcels, there are 71 parcels held for the Ala-238 project and 55 parcels held for the SCI-87 project. Three (3) parcels have been sold. One parcel has been transferred to the Department of Fish and Game. A look at the remaining ELMS inventory shows eight (8) parcels are being held for direct sales to local agencies, seven (7) parcels are being used for construction and maintenance activities, and nine (9) parcels are being held for possible environmental mitigation projects. The remaining parcels have been conditionally retained for various reasons (exchange, site stability, co-op agreement).

### Property Held for Unawarded Future Projects

District 4 has 1,023 parcels purchased for future projects. Of these 1,023 parcels: 558 are held for Ala-238, 86 parcels are held for Mrn-101, 38 parcels are held for Nap-29, and 150 parcels are held for SM-1. This represents 80% of this inventory. The remainder of the parcels is being held for numerous other projects.

### Property Held for Future Projects Incorporated Into the Right-of-Way

District 4 staff identified five (5) areas of extra-wide operating right of way and are investigating with Design and Transportation Planning for their ultimate disposition.

  
BIJAN SARTIPI  
District Director

7-31-06  
Date

# 2006 Annual Report

## Real Property Retention Review Committee

### District 05

District Director: Cheryl Willis  
RPRR Committee Chair: Jamie Lupo

Attendees: Jamie Lupo, John Maddox, Andrea Oliver, Valerie Levulett, Christine Kahn, Claudia Espino, Carl Hilbrants, Tim Gubbins, Steve Price

District 5's District Director supported the efforts of the RPRR Committee. Right of Way Excess Lands, Property Management, and Asset Management worked closely and in full cooperation with RPRR Committee members to comprehensively review the District's real estate portfolio and fully comply with the intent of Deputy Directive 21 R2.

### Summary of Significant Issues

#### Lands and Buildings Inventory

There were no Department owned properties identified as surplus.

#### Excess Land Holds

There are five (5) Disposal Units comprised of seven (7) parcels. One disposal unit with one parcel will continue to be held for environmental evaluation pending. The remaining four (4) disposal units are in the process of being cleared for disposal in the 2007/2008 fiscal year.

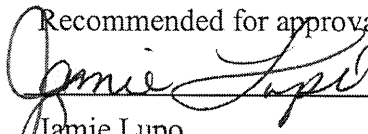
#### Property Held for Unawarded Future Projects

There are twenty-two (22) parcel groups containing one hundred twenty seven (127) parcels. Twenty-three (23) parcels do not appear to be part of any active project, and are to be circulated for clearance if not part of operating R/W. Two (2) parcels are to be processed as excess land and sold. Twelve (12) parcels will be reviewed for possible incorporation into the R/W. Ninety (90) parcels are being retained for future projects.

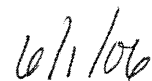
#### Property Held for Future Projects Incorporated Into the Right-of-Way

No holdings of this kind were identified in the district.

Recommended for approval by:

  
\_\_\_\_\_  
Jamie Lupo  
Central Region R/W Asst. Div. Chief

  
\_\_\_\_\_  
Cheryl Willis  
ACTING DISTRICT DIRECTOR

  
\_\_\_\_\_  
DATE

# 2006 Annual Report

## Real Property Retention Review Committee

### District 06

District Director: Alan McCuen  
RPRR Committee Chair: Jamie Lupo

District 06's District Director supported the efforts of the RPRR Committee. Right of Way Excess Lands, Property Management, Asset Management and Land Surveys worked closely and in full cooperation with RPRR Committee members to comprehensively review the District's real estate portfolio and fully comply with the intent of Deputy Directive 21 R2.

## Summary of Significant Issues

### Lands and Buildings Inventory

Items 1 and 2 on the Surplus Lands and Building Inventory were identified as expired leases no longer needing to be listed on the inventory. Item 5 was listed as disposed of and will be removed from the inventory. Items 3 and 4 are former maintenance stations with probable disposal dates in late 2006. Items 6 and 7 will be retained by Maintenance for use as storage and a currently operating safety roadside rest area. Item 8 has been declared as excess and will be processed for disposal.

### Excess Land Holds

There are twenty-eight (28) Disposal Units comprised of fifty-eight (58) parcels. Eight (8) disposal units with nine (9) parcels will continue to be held for future projects, or until construction is complete. The remaining twenty (20) disposal units are in the process of being cleared and appraised for disposal in the 2006/2007 fiscal year.

### Property Held for Unawarded Future Projects

There are thirty-one (31) projects containing two hundred fifty-eight (258) parcels. Three parcels are to be incorporated into the right-of-way. Six parcels are to be processed as excess land and sold. Two hundred forty seven (247) parcels are being retained for future projects.

### Property Held for Future Projects Incorporated Into the Right-of-Way

Four parcels were identified in this district with no known active projects. They will be processed as excess land.

  
Alan McCuen  
ACTING DISTRICT DIRECTOR

  
DATE

# 2006 Annual Report

## Real Property Retention Review Committee

### District 7

District Director: Doug Failing  
RPRR Committee Chair: Richard Chiang

District 7's District Director supported the efforts of the RPRR Committee. Right of Way Excess Lands, Property Management, Asset Management and Land Surveys worked closely and in full cooperation with RPRR Committee members to comprehensively review the District's real estate portfolio and fully comply with the intent of Deputy Directive 21 R2.

## Summary of Significant Issues

### Lands and Buildings Inventory

Of the sixteen (16) facilities listed on List 1 (Lands and Buildings Inventory), eleven (11) facilities were identified as surplus, plus one (1) being potential excess.

Eight (8) of the surplus facilities are Department-owned. Two (2) of the surplus facilities are leaseholds (RE Office and telecommunication) that have expired and will be removed from the inventory. The most significant "owned" excess facility is the old District Office Building and Annex, which is being razed and the site conveyed to the City of Los Angeles. 4 Park & Rides were identified. 2 of the 4 Park & Rides are in the process of sales to local jurisdictions and the other 2 are in the process of decertification. The one potential excess is a sand shed (Frazier Mt. Park Sand Shed) that is to be replaced at a new site proposed. The sand shed facility is added to List 1 as a place holder at this. Further evaluation is needed to determine the disposition.

### Excess Land Holds

There are 49 disposal units comprised of 83 parcels. Out of the total number parcels, approximately 53% (17 disposal units/44 parcels) are linked to 2 routes: the I-710, 14 disposal units/18 parcels; the I-105, 13 disposal units/26 parcels. 22 parcels have been, are being or will be sold, 5 parcels have been reincorporated into right of way, and 56 are being conditionally retained.

### Property Held for Unawarded Future Projects

This report segment is comprised of fifteen (15) Expenditure Authorizations (EAs) containing five hundred fifty-eight (558) parcels. Of these, eighteen (18) parcels are currently in-use, three (3) are released for sales or have been sold, twenty-one (21) parcels have been reincorporated into the right-of-way and three (3) have been administratively removed from the property database. Five hundred eleven (511)



2006 Annual Report  
Real Property Retention Review Committee  
District 7

parcels are being held for future project use; 506 parcels are committed to the I-710 in Los Angeles County.

Property Held for Future Projects Incorporated Into the Right-of-Way

No holdings of this kind were identified in the district.

  
\_\_\_\_\_  
DOUG FAILING  
DISTRICT DIRECTOR

5/10/06  
\_\_\_\_\_  
DATE

# 2006 Annual Report

## Real Property Retention Review Committee

### District 8

District Director: Michael A. Perovich

RPRR Committee Chair: Patricia L. Smith

District 8's District Director supported the efforts of the RPRR Committee. Right of Way Excess Lands, Property Management, Asset Management and Excess Lands worked closely and in full cooperation with RPRR Committee members to comprehensively review the District's real estate portfolio and fully comply with the intent of Deputy Directive 21 R2.

### Summary of Significant Issues

#### Surplus Lands and Buildings Inventory

No holdings of this kind were identified in the district.

#### Excess Land Holds

There is one (1) parcel being held, pending auction in June 2006. Two (2) parcels identified in the database were previously sold and will be administratively removed.

#### Property Held for Unawarded Future Projects

This report segment is comprised of thirty-one (31) Expenditure Authorizations (EAs) containing ninety-one (91) parcels. Four (4) parcels are active month-to-month tenancies, which generate income for the State, and are situated within the R/W required for planned projects. Three (3) parcels are non-viable numbers and are being administratively removed from the real property database. Twenty-five (25) parcels are within the operating R/W, necessary for the operation of said facility and will be administratively removed from the real property database. Four (4) parcels were inactive tenancies; the one in State ownership having been sold; the remainder parcels were in State leasehold interest only; the leases have not been renewed; all are being administratively removed from the real property database. Of the fifty-five (55) parcels that are being held for future use: a) twenty-eight (28) parcels were purchased under hardship/protection constraints and are being held for the SBd15/395 Interchange-Corridor realignment; b) twenty (20) are committed to the SBd210 freeway and the SBd210/SBd215 Interchange projects; and c) three (3) parcels are being held pending a facility realignment.

#### Property Held for Future Projects Incorporated Into the Right-of-Way

No holdings of this kind were identified in the district.



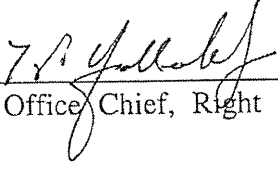
Michael A. Perovich  
District Director



Date

# Real Property Retention Review Committee's 2006 Annual Report

## District 9 – Bishop

District Director, District 9: **Thomas P. Hallenbeck:**  date: 5/19/06  
RPRR Committee Chair: **Nancy Escallier**, Field Office Chief, Right of Way, Central Region-Bishop.

Tom Hallenbeck, District 9's District Director, supported the efforts of the Real Property Retention Review (RPRR) Committee. The functional units of the Right of Way Department worked closely and in full cooperation with all of the RPRR Committee members to comprehensively review the District's real estate portfolio and fully comply with the intent of Deputy Directive 21 R2.

### Summary of Significant Issues

**1) List 1 – Surplus Lands and Buildings Inventory:** No holdings of this kind were identified in the district. The 2004 List 1 incorrectly identified the Independence Maintenance Yard as being inactive. This was corrected. It is an active Maintenance Facility.

**2) List 2 - Excess Land to be Sold or Held:** Changes were made to the status of each disposal unit. There are 3 disposal units that are of the 1-A status, currently in the process of being sold to the Los Angeles Department of Water and Power (LA- DWP). And 1 disposal unit that is of a 2-B status. It is being held pending the outcome of negotiations with Death Valley National Park Service (DV-NPS) a public agency (Federal). Prior, all 4 of these disposal units had each been categorized with a 2C status.

**3) List 3 - Property Held for Unawarded Future Projects:** No holdings of this kind were identified in the district. The prior 3 parcels (000946, 001722, and 001598) were identified as an anomaly. They are in the RWPM system and had been sites for temporary trailers; however, one is currently being rented (parcel 001598, Manzanar-NPS). At this time the Use Code designation for these three parcels has been changed to "7" – special use. This will prevent these three parcels from erroneously showing up on this RPRR list in the future.

**4) List 4 – Parcels Incorporated in the RW and Held for Future Projects:** Four parcels were identified in this category. They are located in East Kern County in the right of way for the Kern 58 Freeway project, **Construction EA 06-243403**. A portion of 3 the parcels (3149-1, 3153-1 & 3154-1) and all of the 4<sup>th</sup> parcel (3411-1) should be considered for decertification and disposal. The 3 partials will need clear boundaries and should be surveyed and mapped.

**5) Lands and Buildings Inventory:** The 2004 L&B Inventory list has been fine-tuned. The 2006 Committee members determined that several parcels were listed erroneously and therefore the list was reduced to accurately account for the facilities owned by the State located within the District 9 boundaries.

# 2006 Annual Report Real Property Retention Review Committee District 10

District Director: Kome Ajise  
RPRR Committee Chair: Michael Rodrigues

Attendees: Dennis T. Agar, Tom Dumas, Terry A. Marshall, C. Scott Guidi, James Gonzalez, Andrea Oliver, Mary Bush, Julie Dunning, Jeff Anderson, Ismaela Muniz, Autumn Newland-Zetz, Chuck Crosby-HQ

District 10's District Director supported the efforts of the RPRR Committee. Right of Way Excess Lands, Property Management, Asset Management and Land Surveys worked closely and in full cooperation with RPRR Committee members to comprehensively review the District's real estate portfolio and fully comply with the intent of Deputy Directive 21 R2.

## Summary of Significant Issues

### Lands and Buildings Inventory

Item 1 on the Surplus Lands and Building Inventory is on hold for environmental clearance and will continue to be listed for disposal. Item 2 is a former Roadside Rest Area that Maintenance designated to be cleared with a probable disposal date in 2007.

### Excess Land Holds

There are six (6) Disposal Units comprised of seven (7) parcels. Two (2) disposal units with two (2) parcels will continue to be held for future projects, or until construction is complete. The remaining four (4) disposal units are in the process of being cleared and appraised for disposal in the 2007/2008 fiscal year.

### Property Held for Unawarded Future Projects

There are thirty-one (31) projects containing three hundred ninety nine (399) parcels. One parcel is to be incorporated into the right-of-way. One hundred fifty seven (157) parcels are to be processed as excess land and sold. Two hundred forty one (241) parcels are being retained for future projects.

### Property Held for Future Projects Incorporated Into the Right-of-Way

One Hundred Seven (107) parcels were identified in this district with no known active projects. They will be processed as excess land.



Kome Ajise  
DISTRICT DIRECTOR

  
DATE

# 2006 Annual Report

## Real Property Retention Review Committee

### District 11

District Director: Pedro Orso-Delgado  
RPRR Committee Chair: Carmen Mullenix

District 11 District Director, Pedro Orso-Delgado, strongly supports the efforts of the RPRR Committee and is personally involved and committed with ensuring compliance with Deputy Directive 21 R2. In addition to reviewing and approving the RPRRC actions, he meets with the team periodically throughout the year to oversee Asset Management activities. District 11 is pleased to submit the following 2006 Annual Report.

### **Summary of Significant Issues**

#### Lands and Buildings Inventory

The RPRRC reviewed 149 properties: two were identified as duplicates, and three previously sold. The completion of the new District Office building will eliminate three of the lease spaces in 2006.

#### Excess Land Holds

The RPPRC reviewed sixty-seven (67) Disposal Units consisting of 125 parcels. Thirty-three (33) of the units are on hold: Twelve held at the request of Construction, eight by Environmental and ten pending disposal (in process of securing clearances). Two of the hold units (1295 acres) are the San Sebastian Marsh mitigation site which was to be conveyed to the Bureau of Land Management (BLM). The BLM is no longer interested in property, thus the district is now negotiating with Fish and Game to convey the property. Of the remaining units, four have been sold, six are available for sale, two will be conveyed to /exchanged with other public agencies, three reincorporated into the right-of-way and one administratively removed from the database.


Issues of note relate to the continuing title/survey issues on SR 86, and securing the staff resources necessary to appraise the fourteen units (38 parcels) identified as ready for disposal.

#### Property Held for Unawarded Future Projects

The RPPRC reviewed eighteen Projects consisting of 416 parcels. Thirteen projects (398 parcels) are on hold pending Construction Contract Award. Twenty-five parcels have been sold and ten reincorporated into the right of way.

#### Property Held for Future Projects Incorporated Into the Right-of-Way

Not applicable.

  
PEDRO ORSO-DELGADO  
DISTRICT DIRECTOR

May 25 2006  
DATE

# 2006 Annual Report

## Real Property Retention Review Committee

### District 12

District Director: Cindy Quon  
RPRR Committee Chair: Deborah C. Meyers

District 12's District Director supported the efforts of the RPRR Committee. Right of Way Excess Lands, Property Management, Asset Management and Land Surveys worked closely and in full cooperation with RPRR Committee members to comprehensively review the District's real estate portfolio and fully comply with the intent of Deputy Directive 21 R2.

## Summary of Significant Issues

### Lands and Buildings Inventory

The former Huntington Beach Maintenance Station site is being utilized as the District field construction materials testing services office and field laboratory for all District 12 On-going construction projects. The operations and facilities on this site are closely coordinated with the State Materials and Pavement Engineer. The District does not recommend release of this site at this time.

### Excess Land Holds

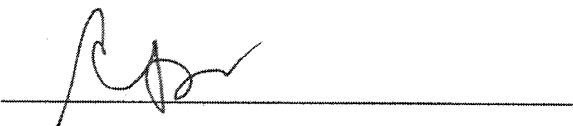
Parcel 73034-01-01 is the only property in the Excess Land Hold Category. This Parcel will be removed from that category and sold during the 06/07 fiscal year.

### Property Held for Unawarded Future Projects

There are only three parcels on this list that are being held for future projects, the remaining parcels were either sold or used for the I-5 Central Project in Santa Ana, or the I-5 North Project in Anaheim.

### Property Held for Future Projects Incorporated Into the Right-of-Way

There are currently six parcels in this category: one parcel will be sold this calendar year, one is being used for a court referral parking area and one is being used by the Construction Department for a field office. The three that remain on hold are being evaluated by staff in the District for potential development.



CINDY QUON  
DISTRICT DIRECTOR

6-20-06  
DATE

## **Attachment B**

2006 REAL PROPERTY RETENTION REVIEW

RPRR POLICY GUIDANCE

# Real Property Retention Review Guidelines

## 1 – Information Gathering

To meet Real Property Retention Review Committees' (RPRRCs') needs, data about the Department's real property portfolio is extracted from several sources:

1. The Asset Management Inventory (AMI) lists the Department's Lands and Buildings holdings;
2. The Right of Way's Excess Lands Management System (ELMS);
3. The Right of Way's Property System (RWPS);
4. The Integrated Right of Way System (IRWS);
5. The prior year's RPRR reports; and,
6. Review of project histories and Right of Way route maps.

Extracted information is refined into reports distributed for review by district divisions:

- List 1 identifies surplus Lands and Buildings holdings (subsequent to AMI review);
- List 2 catalogs environmental mitigation sites and conditionally retained real property;
- List 3 identifies real estate interests associated with as-yet unawarded future projects, and,
- List 4 identifies parcels for proposed (unfunded) projects where land has been incorporated into operating R/W.

## 2 – Determining Status; “In-Use” or “Not In-Use”

The RPRRC chairperson distributes inventory information and process instructions to each district division (via e-mail or RPRRC meeting). The RPRRC chairperson and district functional managers review the properties in each of the inventories to determine if properties are “In-Use” or “Not In-Use”. Steps 3 and 4 explain in greater detail the process for establishing “Use”.

## 3 – Properties “In-Use”

During the annual RPRR, each district division reviews parcels in its sub-set of the real estate portfolio to verify that intended “uses” support Department goals, division strategies or district plans within the context of the district's 20-year corridor and facility master planning horizons. The RPRRC constantly attempts to identify incentives for redirection, exchange or disposal of surplus, underused or nonconforming real estate holdings.

Property is considered “In-Use” if it meets any of the following criteria:

1. *The property provides or supports transportation services.*  
This category of “In-Use” property rarely converts to “Not In-Use” status. However, to the extent that property “In-Use” for transportation purposes turns out to be no longer used, it should be identified as such and reclassified as “Not In-Use”.
2. *The property provides or supports facilities for employees, equipment, or materials.*  
The Department owns over 1,600 different properties that provide facilities for the traveling public, employees, equipment or materials. Many different types of events occur that can change the status of these properties from “In-Use” to “Not In-Use”<sup>9</sup>. For example;

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<sup>9</sup> A facility's operational utility should be determined within the framework of a Division and District Facility Master Plan, which provides the standards-based context within which objective resource allocation decisions may be made.



- Consolidation within functional operations
- Consolidation between functional operations
- New facilities acquired to replace old facilities
- Department policy reduces or eliminates the need for the facilities

Few incentives exist for divisions to voluntarily relinquish property no longer required to meet district or division requirements. These properties may prove to be the largest base of potentially disposable inventory. District divisions must; (1) verify the accuracy of Lands and Buildings information in the AMI, (2) ensure that Lands and Buildings holdings are consistent with the district's Facility Master Plan and Transportation System Development Program, and (3) provide a list of any surplus Lands and Buildings property to the RPRRC chairperson for inclusion in List 1.

3. *The property is needed for a programmed project.*

The RPRRC must confirm that properties reflected in Lists 2 and 3 are being held for viable projects. Many parcels included in these reports were acquired for currently programmed, but as-yet unawarded projects. Others were acquired for projects whose funding/programming status has changed, but they continue to be viable projects within the district's [local transportation planning agency's] longer-range planning. Retention of properties for these projects, if properly documented, is consistent with Department policy. However, changing priorities may result in properties within these inventories being re-classified as "Not In-Use".

Programmed projects may be identified from any of the following State and Federal sources:

- Statewide Transportation Improvement Program (STIP)
- Interregional Transportation Improvement Program (ITIP)
- State Highway Operation and Protection Program (SHOPP)
- Ten-Year SHOPP
- Traffic Systems Management Plan (TSM)
- Federal Transportation Improvement Program (FTIP)
- Federal State Transportation Improvement (FSTIP)

Suggestions for confirming parcels' programming status by using expenditure authorization (E.A.) numbers:

- Search for the EA in the Project Management Control System (PMCS). Does the project have a STIP number (a.k.a. PPNO)? If so, it's a programmed project.
- Search for the EA in the district Status of Projects (hardcopy or district Website). Many districts' Status of Projects includes a PPNO number.
- Search for the EA within hardcopy programming documents. Each district's Office of Program-Project Management maintains hardcopies of these documents. They may also be obtained from HQ Transportation Programming.

#### **4 – Properties "Not In-Use"**

Property is considered "Not In-Use" if:

1. It fails to meet any of the "In-Use" criteria.
2. It no longer provides or supports transportation services.
3. It no longer provides facilities for the public, employees, equipment or materials.
4. It is not needed for viable transportation projects.

5. It is a property on hold in List 2, which no longer meets any conditional retention criterion.

Properties found to be “Not in Use” will be identified as such, disposition determined and recommendations noted in the appropriate List. Steps 3 and 4 evaluate and isolate only Departmental properties “Not In-Use”.

### **5 – Treatment of “Not In-Use” property**

The RPRRC chairperson distributes Lists 1, 2, 3 & 4, process instructions and “*Conditional Retention Criteria*” (See Step 6) to each Deputy District Director. Through e-mail, memo or RPRRC meeting, the chairperson outlines the RPRR process and describes the responsibilities of parties requesting conditional property retention (See Step 7). Functional unit review should take no more than two weeks.

The district RPRR process will determine the appropriate disposition of “Not-In-Use” Departmental real property, whether conditional retention or disposal. “*Conditional Retention Criteria*” and “*Disposal Criteria*” assist functional managers and RPRRC members in determining the disposition of “Not In-Use” properties. For conditionally retained properties, the requesting unit must develop an action plan, assign someone to manage the property to its desired disposition, and provide regular written project status reports to the RPRRC chairperson<sup>10</sup>.

### **6 – Conditional Retention Criteria**

RPRRCs regularly review district real property inventories to determine the appropriate disposition of “Not In-Use” properties has occurred. Each RPRRC uses the following “*Conditional Retention Criteria*” to test the soundness of conditional retention requests for “Not In-Use” property. **Requestors seeking conditional retention of “Not In-Use” property must demonstrate a legitimate, compelling and substantive justification for holding the subject property.**

There are two categories of property eligible for retention:

*Category 1: Potential disposal predicated upon completion of interim actions;*

- Retained until completion of a construction project.
- Retained until property can be exchanged for another property.
- Retained until contamination can be cleaned (and the property certified).
- Retained until legal issues are resolved.

*Category 2: Potential project use;*

- Retained until incorporated into a programmed transportation project.
- Retained until incorporated into an operational facility.
- Retained for purposes of environmental mitigation.

There are six primary “*Conditional Retention Criteria*” used to classify parcels (regardless of category):

#### **1. USE IN A TRANSPORTATION OR FACILITY PROJECT**

Is the property likely to be required for a viable project? Each of the following questions must be answered and the responses supported with pertinent details.

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<sup>10</sup> Reporting frequency associated with specific parcels will be determined by the RPRRC based on the nature of the individual retention request; however, the reporting frequency will not be less than once per quarter.

- a) Is there a high probability the project will be funded?
- b) Is the project a priority with Caltrans or a local transportation agency?
- c) Is the project consistent with the Department's goals?

To substantiate the response, the project should be mentioned in one or more of the following:

- Adopted Regional Transportation Plan
- District/Division Facility Master Plans
- 10-Year SHOPP
- Circulation Element of the Local General Plan
- Corridor Protection Plan
- Regional Rail Plan
- Caltrans Route Concept Report
- Legislation
- Pending Environmental Documents/Reports
- Other non-Caltrans funding sources/programs – local, other governmental agencies, private, etc.
- Conditional Retention Agreement<sup>11</sup>

## 2. POLITICAL OR LEGAL ISSUES

Do any political or legal issues exist which make immediate disposal impractical?

- a) Is the property subject to pending litigation?
- b) Is the property subject to existing or pending legislation?
- c) Do strong local political positions of record exist supporting retention of the property/project?

## 3. TEMPORARY CONSTRUCTION NEED<sup>12</sup>

Is the property needed until a construction project is completed?

- a) Does the property abut the project in question?
- b) If sold prior to completion of construction, will the use of the property be disrupted, significantly reducing its marketability/value?
- c) Will safety be compromised as a result of property disposal?
- d) Are there unresolved design or utility issues, which may adversely impact disposal?

## 4. ENVIRONMENTAL HOLD/MITIGATION SITES

Is the property being held for environmental mitigation purposes?

- a) Are there identifiable project mitigation requirements consistent with the type property being held for a programmed project?
- b) Are funds programmed/available for the anticipated mitigation use?
- c) Is the property likely to be included in a "conservation land bank"?
- d) Will disposal of the parcel adversely impact, directly or indirectly, adjacent or nearby parcels containing critical or important habitat?

Is the property contaminated with hazardous waste?

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<sup>11</sup> An agreement between Caltrans and Local entities, developed as a result of property being conditionally retained, stipulating obligations, necessary action and commitment for the project in question.

<sup>12</sup> Without a Temporary Construction Easement (TCE).

- a) Is remediation required for disposal and, if so, what is the anticipated cost?
- b) If remediation is required, are funds programmed/available?
- c) What is the course of action if no funds are programmed/available?

Are there other constraints associated with the parcel?

- a) Are there identifiable resource values (e.g. architectural, archaeological) associated with the project?
- b) Are there community or environmental justice issues associated with the parcel?
- c) Are there legal or regulatory constraints associated with the parcel (e.g. Coastal Zone restrictions [PRC 30609.5], State Highway Code restrictions [Section 118.6])?

#### 5. EXCHANGES

Will the retained property be exchanged for property or improvements required for transportation purposes?

- a) Do exchange agreements/commitments currently exist?
- b) Is an agreement imminent? How long have exchange negotiations been in progress?
- c) Are the exchange agreements or desired property part of a programmed project? (If not, apply criteria under item 1.)

#### 6. FINANCIAL CONSIDERATIONS

- a) Does Caltrans currently own, or could it acquire lower valued properties to meet the same need satisfied by the property proposed for retention?
- b) Since no funds may exist to remediate a contaminated property, where remediation is required, disposal may not be possible.
- c) Will disposal proceeds exceed disposal costs?

For requests justified under #6, the following information must be provided in the conditional retention request:

- An estimate of property value.
- An estimate of potential replacement property value.
- Documentation of significant up-front costs and potential funding sources.

### **7 – Conditional Retention of “Not In-Use” Properties**

Once the requesting program believes the property in question meets one or more of the six “*Conditional Retention Criteria*”, a written retention request (and justification) is forwarded to the RPRRC chairperson. If, after reviewing the request, the RPRRC approves conditional retention of a property, the responsible functional manager must:

1. Assign a transaction coordinator to the property,
2. Prepare an action plan culminating in the parcel’s use or disposal for RPRRC approval, and
3. Commit to provide periodic written status reports to the RPRRC.

### **8 - Disposal Criteria**

In order to determine which properties are to be retained, the District RPRRC chairperson asks all district divisions and programs to review the property Lists 1, 2, 3 & 4 (Step 5). Property not

conditionally retained will be properly accounted for in the departmental real property inventory reports and disposed of according to the RPRRC's direction. Real property interests will be recommended for disposal when:

1. They fail to meet any "*Conditional Retention Criteria*"; or,
2. They no longer meet the "*Conditional Retention Criteria*" or the objectives of previous action plans (for properties currently on hold).

If either disposal criterion is met, the RPRRC will recommend disposal of the property in question. However, renegotiation and approval of revised action plan objectives may prevent immediate disposal.

A special note regarding property retained for financial reasons.

One of the six "*Conditional Retention Criteria*" is "Financial Considerations". If no funding allocation yet exists to clean a property, a time extension may be granted by the RPRRC once the property coordinator's revised action plan is reviewed and approved.

The Property Disposal Process:

Each district's Right of Way Excess Lands unit generally handles real property disposal; however, in unique situations, other Department divisions may take the lead in property disposal:

Route Rescissions: Transportation Planning has responsibility for obtaining the rescissions.

Desertification: Right of Way, Right of Way Engineering, and Project Development have responsibility for obtaining desertification.

## **9 – RPRRC Committee Meetings**

Each year, district RPRRCs meet to consider disposition of "Not-In-Use" parcels. The RPRRC must determine that there is legitimate, compelling and substantive justification for holding parcels proposed for conditional retention. During the meeting, the committee will consider:

- Candidates for conditional retention;
  - Narrative responses to the "*Conditional Retention Criteria*";
  - Property-specific action plans;
  - Verbal presentations on newly retained properties; and,
  - Property transaction coordinators' reports on existing conditionally retained properties.
- (See also, Step 8 – Disposal Criteria)

The RPRRC will recommend either extending conditional retention or outline the conditions for property disposition.

## **10 –Preparation and Submission of Annual Reports**

Following the last RPRRC meeting, each district chairperson prepares an annual report comprised of a narrative summary of issues and accomplishments and updated Lists 1, 2 and 3. The report is routed through all RPRRC members for concurrence before being forwarded to the District Director for review and approval. The chairperson coordinates responses to questions, comments or issues raised by committee members or the District Director.

Each district report is forwarded to HQ Right of Way Asset Management for consolidation into the statewide report submitted to the Directorate. Lists 1, 2, 3 & 4 have been formatted to simplify the

reporting process, provide consistency among and between districts, and assure year-to-year continuity; therefore, no changes to the existing report format will be allowed during the current-year cycle. Suggestions for format improvement or revision are welcome for out-year application.

### **11 - Headquarters Review of District Annual Reports**

Each District must submit its District Director-approved Annual Report to HQ Right of Way Asset Management by the date specified in the annual RPRR calendar published at the inception of each yearly review cycle. HQ Right of Way Asset Management reviews all 12 district reports, verifies information, and routes copies of the compiled reports along with a draft statewide report through:

1. Design and Local Programs;
2. Transportation Programming;
3. Transportation Planning;
4. Right of Way; and,
5. Maintenance and Operations.

HQ Right of Way Asset Management and district RPRRC chairpersons will make every effort to resolve the issues raised during the Headquarters review. However, due to the limited time available to complete and publish the annual RPRR report, the final report will be submitted to the Directorate noting any unresolved issues.

### **12 - Annual Report Submission to the Director**

HQ Right of Way Asset Management's goal is to submit the RPRR Annual Report to the Director by the date specified in the calendar published at the beginning of each RPRR cycle. To actively support this process, the Department Director wants each district to:

- Adhere to the process guidelines outlined herein;
- Retain property only if absolutely necessary, especially parcels for unawarded projects;
- Involve local partners where transportation corridors (and measure parcels) are involved; and,
- Support HQ Right of Way Asset Management in sustaining the statewide RPRR process.

The Annual Report submitted to the Director will summarize:

- The number of parcels reviewed, in-use, not in-use, conditionally retained, and recommended for disposal;
- Recommendations made, actions taken and significant issues engaged by each district; and,
- A comparison of current-year to prior-year holdings and actions.

### **13 – Follow-up and Management of Retained and Disposal Properties**

Each district's RPRRC chairperson works closely with the responsible functional unit to manage the disposition of property reviewed by the committee and recommended for conditional retention or disposal.

#### Conditionally Retained Properties:

1. Within 30 days of the District Director's approval of the final district report, the RPRRC chairperson will confirm the assignment of property transaction coordinators and completion of property-specific action plans with the managers of each division

requesting conditional retention of one or more parcels.

2. The RPRRC chairperson will review action plan implementation and achievement of goals and objectives with property coordinators on a quarterly basis (at minimum).
3. The RPRRC chairperson will work with property coordinators to achieve the desired property-related outcomes and report quarterly to the District Director and HQ Right of Way Asset Management on the general progress toward the goals embodied in retained-parcel action plans.

Properties Awaiting Disposal:

1. District RW Excess Lands will monitor and report quarterly to the district RPRRC chairperson, the District Director and HQ Right of Way Asset Management on progress toward disposing of real estate interests consistent with RPRRC recommendations.
2. District RW Excess Lands will track the transfer (to ELMS) and disposal of real estate interests consistent with RPRRC recommendations. These parcels may not currently be in the ELMS and may require additional action before transfer to the ELMS may occur: examples include decertifications and route rescissions.
3. District RW Excess Lands will quantify the number of properties transferred to ELMS as the result of RPRRC actions and track properties until they are removed from the ELMS. Property coordinators, the RPRRC chairperson and the district's RW Excess Land unit work together to ensure that all necessary steps are taken to put parcels in a disposable condition (environmental clearances, etc.) and that previously held and released, decertified, or rescinded parcels are sold or otherwise appropriately conveyed.

#### **14 - Review of New Excess Land Hold Requests**

District RPRRC chairpersons work closely with the RW Excess Lands unit to review new excess land hold requests on an ongoing basis throughout the year ("as required" between annual RPRR cycles). In response to conditional retention requests made after the annual RPRRC review (as part of a "round-robin"), the RPRRC chairperson may:

1. Approve "*interim*" holds for up to one month after the next annual RPRRC meeting.
2. Convening a special RPRRC meeting in response to a substantial number of hold requests.

## **Attachment C**

2006 REAL PROPERTY RETENTION REVIEW

ACRONYM TABLE



## Acronym Table

AMI	Asset Management Inventory
BSA	Bureau of State Audits
DD	Deputy Directive
DGS	Department of General Services
EA	Expenditure Authorization
ELMS	Excess Lands Management System
HQ	Headquarters
IRWS	Integrated Right of Way System
PMCS	Project Management Control System
RPRR	Real Property Retention Review
RPRRC	Real Property Retention Review Committee
RW	Division of Right of Way
RWEL	Right of Way Excess Lands
RWPM	Right of Way Property Management
RWPS	Right of Way Property System
SHOPP	Statewide Highway Operations Planning and Preservation
SPI	Statewide Property Inventory
STIP	Statewide Transportation Improvement Plan
XPM	Xpert Project Management